

VZCZCXYZ0160  
RR RUEHWEB

DE RUEHKV #1719 2781016  
ZNR UUUUU ZZH  
R 051016Z OCT 09  
FM AMEMBASSY KYIV  
TO RUEHC/SECSTATE WASHDC 8522  
INFO RUEHRC/USDA FAS WASHDC  
RUCPDOG/USDOC WASHINGTON DC

UNCLAS KYIV 001719

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STATE FOR EUR/UMB AND EEB  
STATE PASS OPIC FOR BARBARA BRERETON

E.O. 12958: N/A  
TAGS: [ECON](#) [EFIN](#) [UP](#) [OPIC](#)  
SUBJECT: UKRAINE: OPIC-SUPPORTED GLOBAL RENEWABLE ENERGY  
INVESTMENT FUND

REF: STATE 95170

¶1. OPIC does not currently operate in Ukraine due to a long-standing claim for which OPIC seeks compensation from the GOU. Although OPIC and the GOU have made recent progress to settle the matter, a number of detailed legal issues still need to be resolved and it is too early to know if and when OPIC will be ready to do business in Ukraine again. As a result, it is Post's understanding that USRG Emerging Market Fund (USRG) would not pursue investments in Ukraine in the near term.

¶2. However, should OPIC return to Ukraine, Post would support USRG investments in renewable power generation, clean fuels, and renewable energy value chain projects. USRG's goals of reducing greenhouse gas emissions and reducing energy imports are compatible with Ukraine's economic development programs. Ukraine is one of the world's 15 largest emitters of greenhouse gases and is also seeking to move away from its heavy dependence on Russian oil and gas imports.

¶3. It is likely that Ukraine would welcome USRG investment in renewable energy projects, as it has welcomed similar investment from the EBRD and other international institutions. There is limited funding for renewable energy projects in Ukraine, and the market is far from saturated. While the investment climate in Ukraine is difficult, if partners are chosen carefully, the strong government support for projects that reduce Ukraine's energy consumption and imports means USRG could enjoy a measure of success. Post is not aware of any disparaging or derogatory information within Ukraine with respect to the prospective fund manager.  
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